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SUBJECT: PEACE PROCESS MAKES PROGRESS - SLOWLY

CLASSIFIED BY: AMBASSADOR JAMES F. MORIARTY. REASONS 1.4 (B,D)

Summary

¶1. (C) USAID-contracted peace facilitator Olivier told the Ambassador August 24 that the peace process in Nepal seemed to be making progress. Nonetheless, Olivier said that the Maoists continued to exert pressure on the Prime Minister to dissolve the Parliament. He reported that the Maoists had submitted a proposal to the Government of Nepal (GON) to feed Maoist combatants in cantonment. Olivier stressed that a principal hurdle to the peace process was the GON's failure to identify the key parts of the process -- such as a Peace Accord -- and focus on them. He emphasized the GON needed to forcefully argue its position on arms separation publicly and create structures limiting the Maoist ability to commit abuses. Planned local Peace Councils established on the basis of a national Peace Accord were an important prospective tool for bringing the Maoists into the mainstream and expanding GON authority beyond Kathmandu. Olivier said that the Maoists had not yet formally endorsed the peace council idea. According to the facilitator, Maoist approval is not dependent on the arrival of a UN team August 28. Both sides have high expectations of the UN role. End Summary

Maoists Trying to Shift Blame to the Government

¶2. (C) Retief Olivier, Chief of Party for AED, contractor for USAID's Nepal Transition Peace Project, told the Ambassador August 24 that peace negotiations between the Government of Nepal (GON) and the Maoists were making progress. However, he noted that Daman Nath Dhugana, one of the GON's facilitators for the peace talks, had told him the Maoists continued to try to shift the blame for the slow pace onto the government. The Maoists' main message to PM Koirala was: "Stop delaying the process." Dhugana had also mentioned that the Maoists seemed to be raising the ante by hinting they could not keep their cadre under wraps much longer. According to Dhugana, the Maoists continue to press for the Parliament to be dissolved right away.

Maoists Requesting Government Food Aid

13. (C) Olivier reported that the Maoists had recently given the GON a proposal to feed its forces. He had no other details but he assumed that the food would be going to combatants in designated cantonments. The Ambassador commented that this could be a good sign. It would depend who was on the feeding list and what the Maoist cadre did once they started getting a government ration. He suggested that the GON might want to start small and make it clear that rations would be tied to Maoist behavior. Maoists would have to stop all extortion anywhere near any cantonment receiving rations or the rations should stop.

Government Still Among Its Own Worst Enemies

14. (C) The AED Chief of Party emphasized that the GON's failure to identify and then focus on the key parts of the peace process continued to hamstring its efforts. He cited the example of the Peace Accord. One day the GON emphasized its importance; the next day key Government officials downplayed it. Olivier expressed regret that the GON's approach was so ad hoc. The problem, Olivier maintained, was that the Maoists were framing the terms of the public debate. The GON needed to make its case, on the need to separate the Maoists from their weapons in particular, and then it needed to create structures that would help to curtail Maoist abuses. The cease-fire Code of Conduct monitoring committee was one such mechanism, but its reports should be made public.

Peace Councils Another Important Mechanism

15. (C) Olivier spoke at length about local peace councils with political party and Maoist representation. They were important, Olivier said, because they could serve as a means to bring the Maoists into the mainstream. They were also key, in his view, because they would allow the central government to begin to reassert some measure of influence in the countryside. The peace councils were not intended as a substitute for local governments or Maoist parallel governments, but as a "third way" to facilitate a lasting peace. The AED Chief of Party made the point that in his experience it was important to tie peace councils to a national Peace Accord. National-level representatives could perhaps launch the initial meeting of district-level peace councils. The Ambassador agreed that it was crucial to start the peace councils in districts where the Maoists could not overwhelm the other participants.

Maoist Approval Still Lacking; Upcoming UN Mission Not the Issue

16. (C) The Chief of Party informed the Ambassador that the GON had approved the terms of reference for the peace councils (e-mailed to SCA/INS). Olivier added that Home Minister and chief GON peace negotiator Sitaula had reportedly claimed the Maoists supported the idea. Olivier insisted, however, that it would be foolish to move ahead with the idea absent written agreement from the Maoist leadership. He did not think that Maoist approval was being held up for the expected arrival the week of August 28 of the follow-up UN mission. There were high expectations on both sides for the mission, but the peace councils were not in that mix.

Comment

17. (C) The Maoists are conveying mixed signals. While their request for food aid for People's Liberation Army (PLA) combatants could be a sign they are indeed searching for a "soft landing", many other signs point in a different direction. Their complaints that the GON is not fulfilling its end of the 8-point agreement from June would have a

shred of credibility if the Maoists were meeting even the basic terms of the cease-fire Code of Conduct. The Maoists repeated violation of the Code's provision prohibiting extortion is only the most egregious example. Peace councils clearly offer some value as mechanisms to institutionalize the peace process and bind the Maoists into the mainstream political process. The principal matter, however, is that the GON, with or without the help of the upcoming UN mission, must hold firm on the central issue of Maoist arms management. Unless the Maoists are separated from their weapons, no process, no matter how well intended, will lead to a peace that does not amount to a Maoist takeover of Nepal.

MORIARTY